

States cannot stand by while the EU stalls these discussions about launch aid.

Today, we all know the aerospace industry remains very important to the United States. The aerospace sector generates about 15 percent of our Nation's gross domestic product. However, I think the real issue for us is that the United States builds and finances planes through Wall Street and the private marketplace. Our domestic companies should not have to compete against the backing of European governments, against the deep pockets of governments that distort the global marketplace.

If, in fact, the EU drags its feet, how will these issues be resolved? Will they continue to argue that these launch aid subsidies are not the issue? Launch aid has provided Airbus with over \$15 billion in subsidization, really unfairly propping up Airbus at the expense of the U.S. aerospace market and its workers. In the last 15 years, the U.S. aerospace industry has lost about 700,000 jobs.

Essentially, launch aid becomes a risk-free, low-cost government bank for the development of new lines of aircraft. The company only needs to repay the loans if the new product succeeds. Nowhere in our private sector does anybody, any company, get such a deal that they only have to pay the banker back if, in fact, the product succeeds. So this is a very important issue.

Obviously, launch aid puts our domestic manufacturers at an unfair competitive disadvantage. Airbus remains unfettered by the realities of the marketplace when launching new jetliners, while American companies must assume substantial market risk every time they unveil a new product. If Airbus bets on the wrong plane, no problem, no harm, no foul, the loans are forgiven. This means Airbus can proceed with the design and production of a new plane without ever turning a profit on an existing product line. It also means that Airbus can undercut the price and pursue more aggressive financing practices than the U.S. can. Obviously, you can see the end result is that Airbus can offer a cheaper plane in the marketplace by unfairly subsidizing the financing of their planes.

Well, nevertheless, Airbus has continued, even though it has grown into a mature company, to receive 33 percent of the funding for its product development from European governments since 1992, translating into billions in launch aid loans at below market rates. At the same time, it has avoided an additional \$35 billion in current debt due to this subsidy. This launch aid distorts the global marketplace.

What we want to see in aerospace is competition that drives opportunities for the consumers. I believe that is why the United States has taken its aggressive position in saying that it will go to the WTO if necessary. I think it is time now to make sure that these negotiations between the United States

and the European Union, which originally were announced in January, are completed as soon as possible. But maybe it is not surprising that they are lagging at this moment.

I say that because Airbus has moved ahead with a plan to submit \$1.7 billion in an application for new launch aid for a new airplane, the A-350, which is designed to compete head-to-head with the Boeing 787. While negotiations to end launch aid are ongoing, there is simultaneously a new application to the European Union to support launch aid for a new plane. I believe that is probably why the Airbus CEO stated, about the new plane, the A-350: "... is easily financeable [sic] by Airbus without launch aid, but as long as there is refundable launch aid available, we will apply for it." This means, as long as they can get refunds later on launch aid, they will apply for it.

So while the European Union is supposedly at the table negotiating with the United States about getting rid of launch aid subsidies, it is continuing to discuss deals about launch aid for new planes.

It is clear that this does not paint a pretty picture. The European Union cannot have it both ways. It cannot pretend to be serious about negotiations with the United States to end launch aid subsidies and all the while sending a wink to Airbus about launch aid for the A-350.

The EU must level with the American public and the global community on whether it is serious about ending unfair subsidized financing of their aircraft.

Specifically, I think Commissioner Mandelson and the EU should consider the following actions: first, EU negotiators should declare their opposition to the launch aid for the A-350 and summarily reject the pending application that Airbus has prepared. Second, the EU should also reject all launch aid for future aircraft models.

We need to address these unfair subsidized financing issues and put an end to launch aid so that aircraft financing is on a level playing field. Failure to follow these processes will lead to swift action by our administration and the U.S. Government. Today, the U.S. stands ready to reach a resolution on this issue, but we must have a willing partner. The White House has expressed a strong commitment to finding an agreement, and the President has the backing of this Senator, and I believe many in Congress, to seek a resolution to this issue. I am sure my colleagues will join me in considering all options at our disposal to help find a resolution to this issue.

Last week, I was invited to the Smithsonian for a commemorative celebration of Space Ship One, a successful marvel, sponsored by Paul Allen and many others. The celebration marked the successful launch of the first commercial, manned spaceflight—something from which individual consumers will benefit in the fu-

ture. The Smithsonian National Air and Space Museum gave that award, and the flight signaled a new chapter in aviation history. There's something about the spirit of competition, about a group of people who came together to compete towards an exciting new chapter of aviation, and a level playing field of competition that delivered a great result.

Which is exactly what we have to get from the Europeans—a level playing field, to deliver a better result for the entire global community, for consumers, and for purchasers of aerospace and commercial aviation equipment by guaranteeing that we are going to have a level playing field.

I hope that these negotiations will continue in earnest and I am confident that Ambassador Zoellick and the new nominee, Mr. PORTMAN, will continue to be aggressive in resolving this issue. I believe we in the United States have fostered an environment for true competition for the private sector, to drive this industry to the next level. However, we need fair and balanced trade to make that successful.

I hope the Europeans will not stall these discussions, but that they will embrace the idea of fair competition as the end result.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

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#### UNANIMOUS CONSENT AGREEMENT—H. CON. RES. 95

Mr. FRIST. Mr. President, I ask unanimous consent that when the Senate receives H. Con. Res. 95 from the House, the Senate proceed to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FRIST. Further, that all after the resolving clause be stricken and the text of S. Con. Res. 18 as agreed to be inserted in lieu thereof; further, that the resolution then be agreed to as amended and the Senate insist on its amendment, request a conference with the House, and the Chair be authorized to appoint conferees.

The PRESIDING OFFICER. Without objection, it is so ordered.

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#### MORNING BUSINESS

Mr. FRIST. I ask unanimous consent that there now be a period for morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.